T-NEX
ROADMAP TO SUCCESS

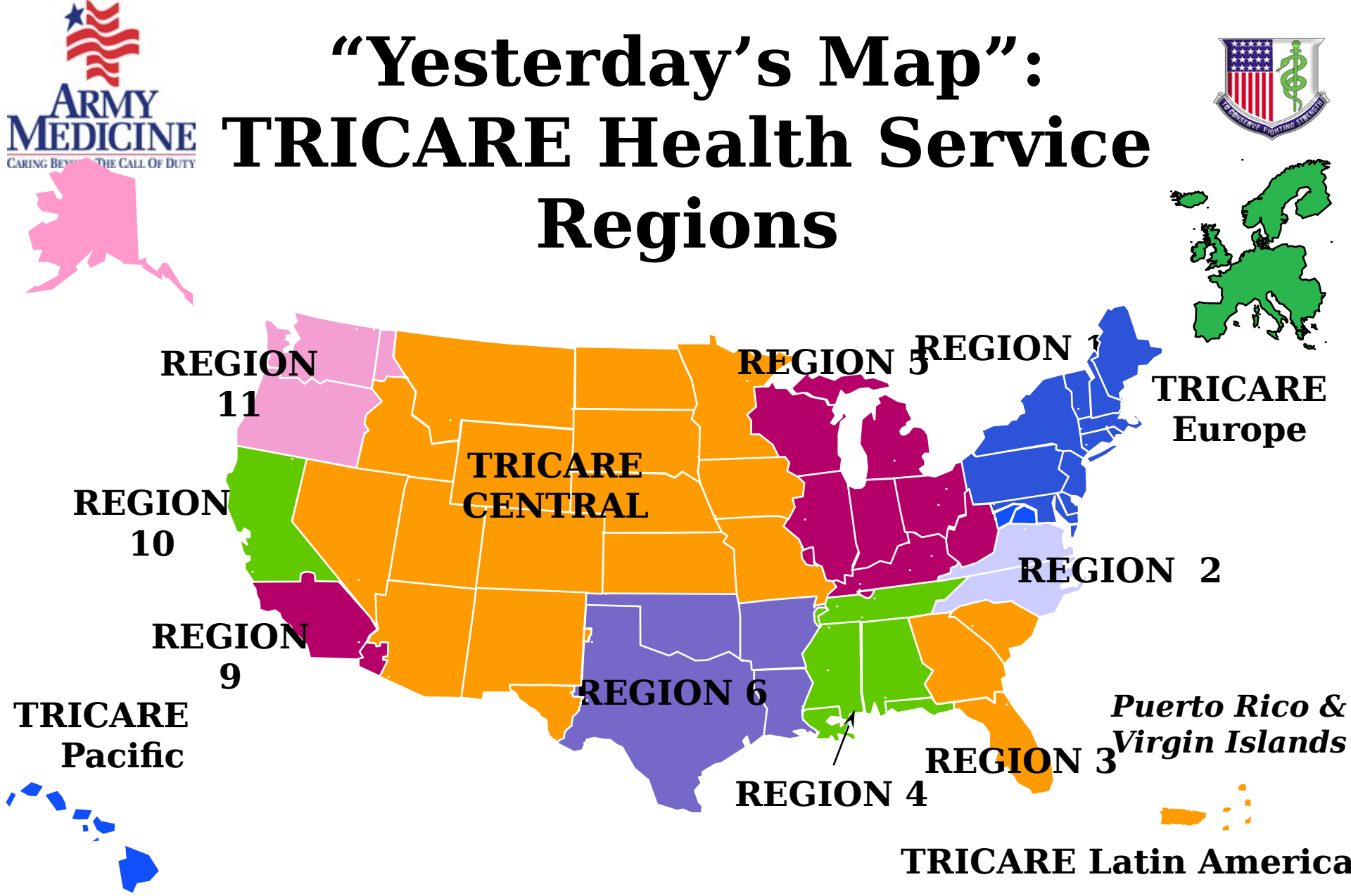
COL Tim Williamson

Chief, OTSG, TRICARE Division

2 June 2003

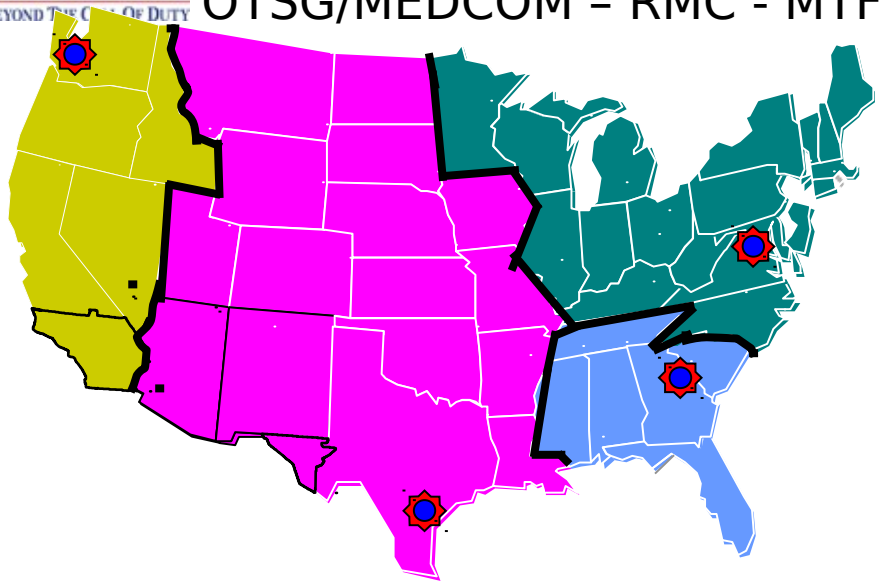
ROADMAP TO SUCCESS

“Yesterday’s Map”: TRICARE Health Service Regions

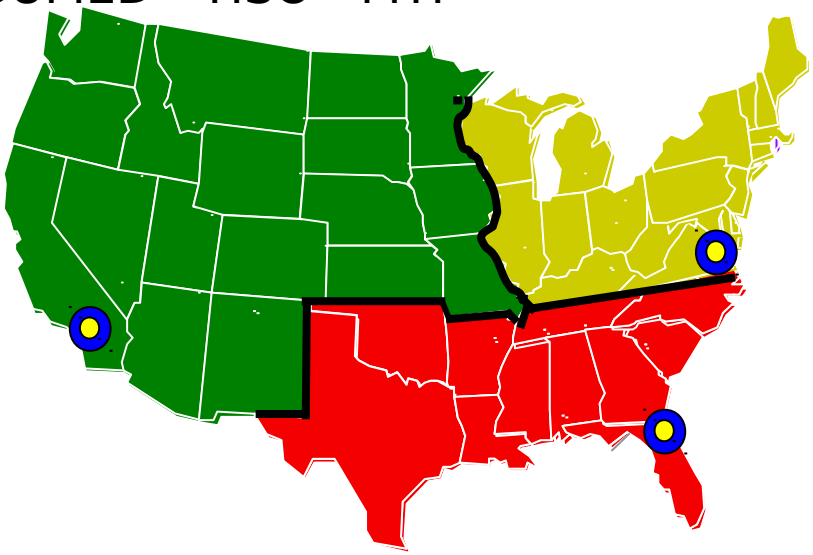


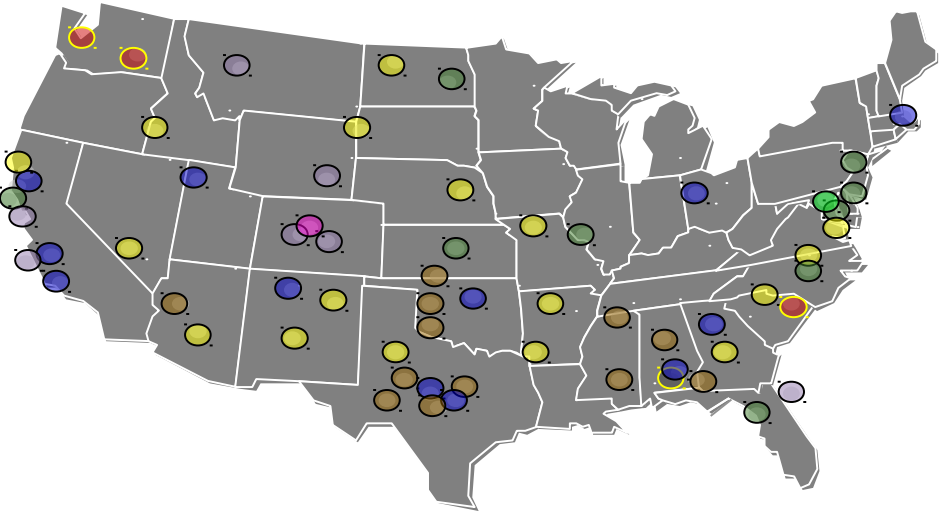
Medical Management Organizatio

OTSG/MEDCOM – RMC - MTF

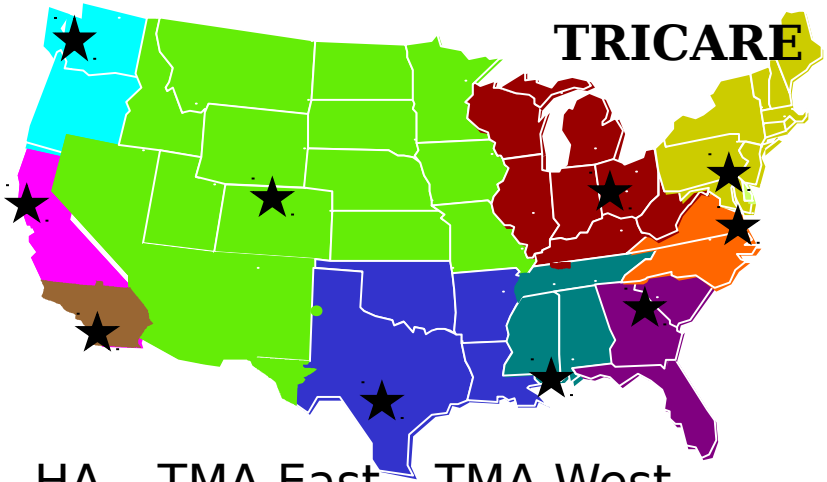


BUMED – HSO - MTF





AF SG … MAJCOM - MTF



HA – TMA East – TMA West
- Lead Agents -- MCSC

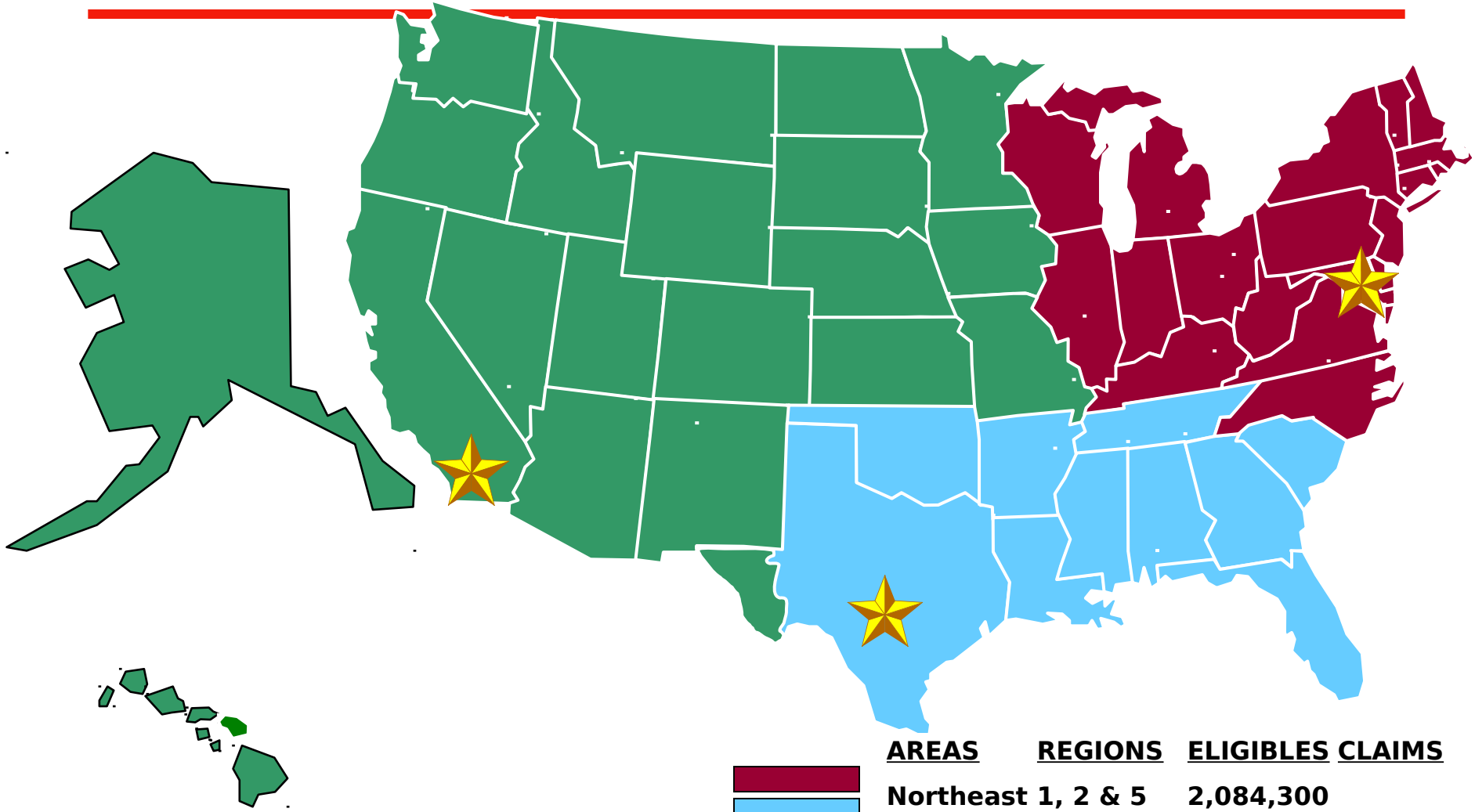
KNOW THE CONTRACTS

RFP + BID = CONTRACT

- Government Request for Proposal (including 9 Amendments) released Autumn 2002. RFP is basis for contract – describes what must be done. It can be viewed at

  www.tricare.osd.mil/contracting/healthcare/solicitation
- Industry bids currently under review. Winning bid, or contractor's Best and Final Offer, describes how the contractor will accomplish mission, and comprises second half of "the contract".
- You negotiate better if you know the contract

NEW REGIONAL CONTRACTS

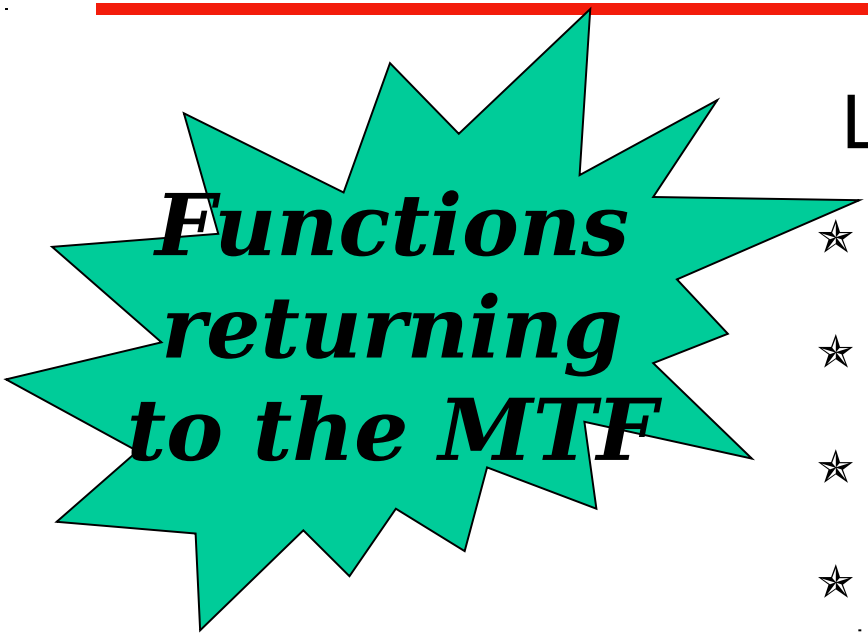


AREAS	REGIONS	ELIGIBLES	CLAIMS
Northeast	1, 2 & 5	2,084,300	11,704,670
Southern	3,4 & 6	2,238,774	16,176,829
Western	7-12, AK	2,070,671	

T-NEX CARVE-OUTS

- Managed Care Support Contracts (Healthcare/Admin)
- TRICARE Dual Eligible Fiscal Intermediary Contract (TDEFIC)
- TRICARE Mail Order Pharmacy
- TRICARE Retail Pharmacy
- Marketing and Education Materials Contract
- Local Support Contracts*

LOCAL SUPPORT CONTRACTS



Local Support Contracts

- Appointing
- Utilization Management
- Local Resource Sharing
- HICL
- HEAR

Negotiations ongoing for appropriate funding to return with functions

WHAT STAYS THE SAME

- TRICARE benefit package - triple option
- PCM concept with referrals
- Contractor builds networks to augment MTFs
- PRO authority remains with contractor
- TRICARE prime remote program
- Appeals/program integrity remain essentially the same
- MTF retains the right of first refusal for referrals

WHAT STAYS THE SAME *(cont.)*

- Network access standards
- Claim's timeliness and accuracy standards
- Retain TRICARE service centers on bases or posts in catchment areas
- Regulatory authorizations - program for persons with disabilities, inpatient mental health, adjunctive dental care, admissions to residential treatment centers, etc.

WHAT CHANGES

- Increased focus on customer service
- Requires delinquent payment reminders for prime retirees
- Allows contractors to establish customer performance standards utilizing commercial practices
- Referral requirements reduced to determining if care referred is a covered benefit - NO medical necessity determinations
- Stronger, measurable network adequacy standards
- Standards for return of consults

WHAT CHANGES *(cont.)*

- Eliminates Prescriptive Requirements for the Following Allowing Contractor to Propose Best Practices:
  - Government-Mandated UM Criteria and Procedures
  - Government Directed Network Credentialing Standards
  - Specified Customer Service Department Procedures and Standards
  - Detailed Claims Processing Procedures

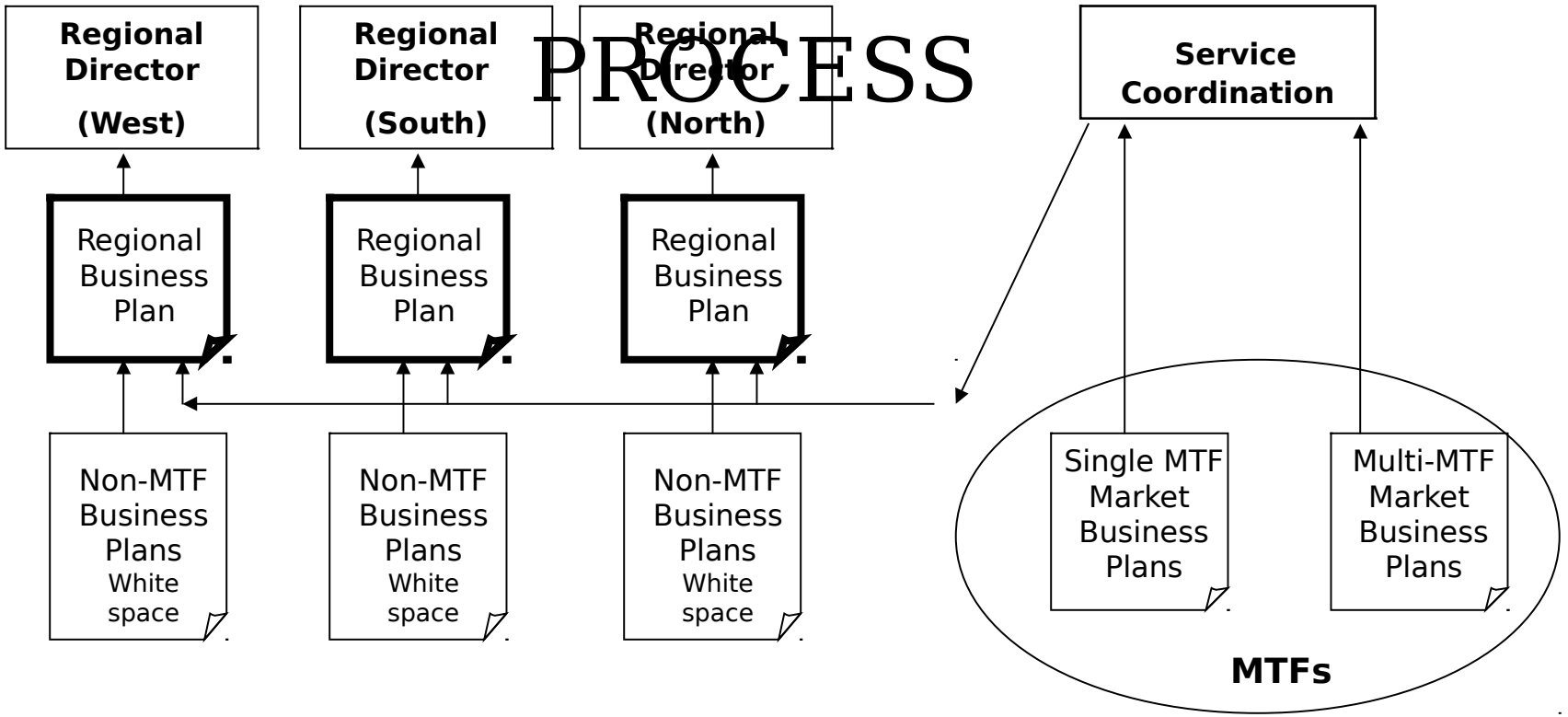
NEW GOVERNANCE STRUCTURE AND PROCESS

GOVERNANCE PRINCIPLES

- Local MTF commanders are accountable for performance through their business plans.
- The Service Surgeons General are accountable for the performance of their MTFs.
- Regional Directors are responsible for developing regional business plans that integrate the local MTF plans and the contractor plans.
- Information will be freely shared and will be visible throughout the Military Health System.

Source: ASD/HA Policy Memo, dtd 14 Apr 03

BUSINESS PLANNING APPROVAL PROCESS



Approved MTF Business Plans are input for Regional Business Pla

MARKET MANAGEMENT

Market Managers (incl MTF Cdrs)

- Develop and Execute Business plan
- Manage Catchment Area Purchased Care for Enrollees
- Execute Service Readiness Missions

Senior Market Managers (incl former LA)

- Develop and Monitor Coordinated Market Business Plan
- Coordinate Readiness Support
- Selected by SGs

Regional Directors

- Develop and Manage the Business Plan in the “white space”
- Provide contractor performance oversight
- Integrate business plans to create a regional business plan.

MULTI-SERVICE MARKETS & SENIOR MARKET MANAGERS

- Army Lead:
  - National Capital Region – Cdr, WRAMC
  - Puget Sound, WA – Cdr, MAMC
  - Hawaii – Cdr, TAMC
  - Columbus, SC – Cdr, Moncrief ACH
  - Fayetteville, NC – Cdr, Womack AMC
  - Fairbanks, AK – Cdr, Bassett ACH
- Air Force Lead:
  - San Antonio, TX – Cdr, Wilford Hall AFMC
  - Colorado Springs, CO – Cdr, Air Force Academy Hosp
  - Biloxi, MS – Cdr, Keesler AFMC (no Army MTF involved)
  - Anchorage, AK – AF Lead
- Navy Lead:
  - Portsmouth, VA – Cdr, Portsmouth NH
  - Charleston, SC – Cdr, Charleston NH (no Army MTF involved)

FINANCING AND BUSINESS PLANNING

Key Components of MCSS

- **Health Care & Admin Component of T-Nex**
  - ✓ Cost Reimbursed Type Contract
  - ✓ Underwritten (Risk Shared) Health Care Costs
  - ✓

- **Financial Differences between MCSS and MCSC**
  - ✓ Performance Guarantees
  - ✓ Award Fee (Based on Satisfaction)
  - ✓ Simplified Financial Model – No BPAs
  - ✓ New Resource Sharing Concept – No Thresholds

Financial Effect of T-Nex

Realignment of Risk

MTF

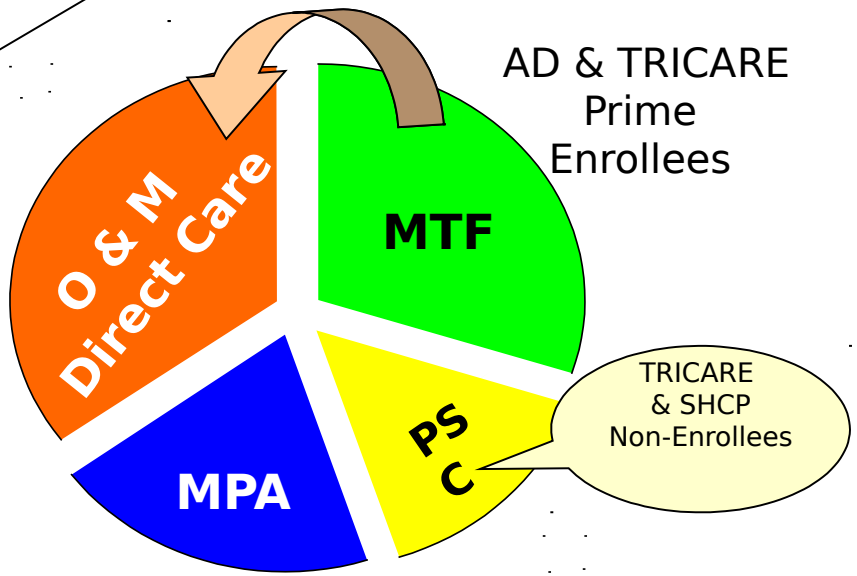
Contractor/Government
(Shared Risk)

Full Risk
Active Duty Enrollees

MTF Prime Enrollees

Options for TRICARE Eligible Beneficiaries

All TRICARE Eligibles (less AD)



Financing -- Overview

What & How We Pay the MCSS Contractor

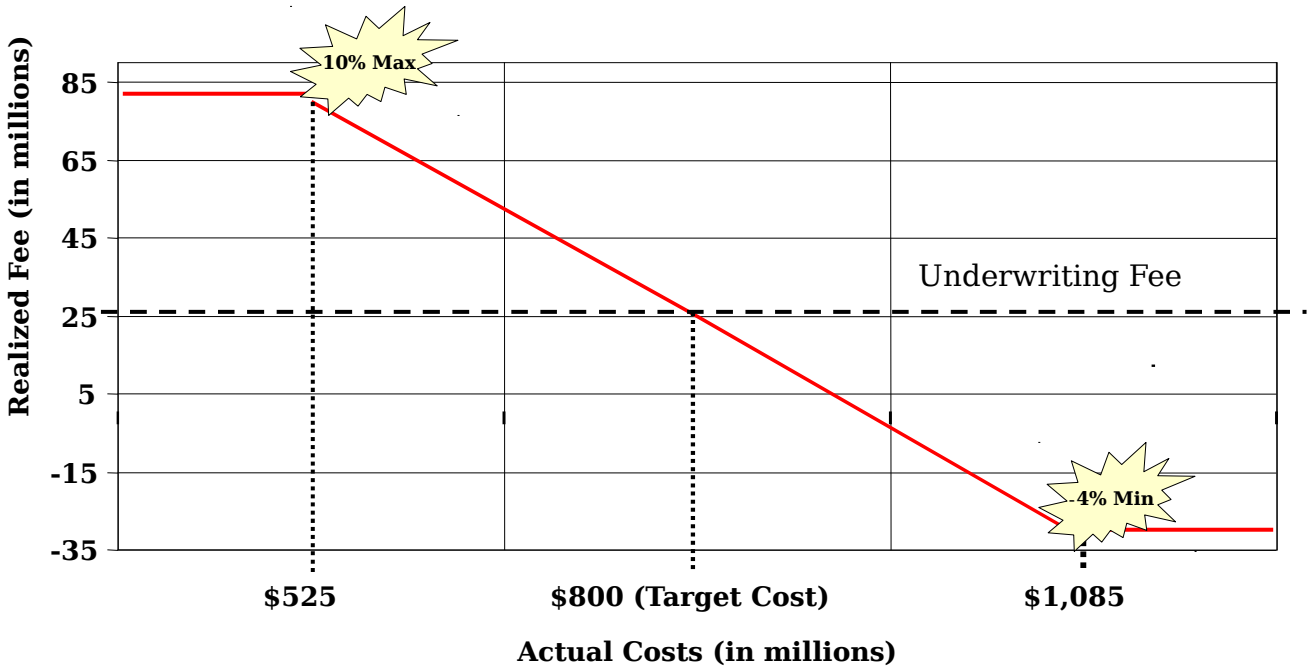
- **Administrative Costs**
  - ✓ Claims Processing
  - ✓ Disease Management Programs
  - ✓ Admin Services
  - ✓ Award Incentives
  - ✓ Performance Guarantees
- **Health Care Costs**
  - ✓ MTF Enrollee Referrals
  - ✓ Non-MTF Enrollee Referrals
  - ✓ Underwriting Fee/Risk Sharing Payment

Features of Financing Methodology

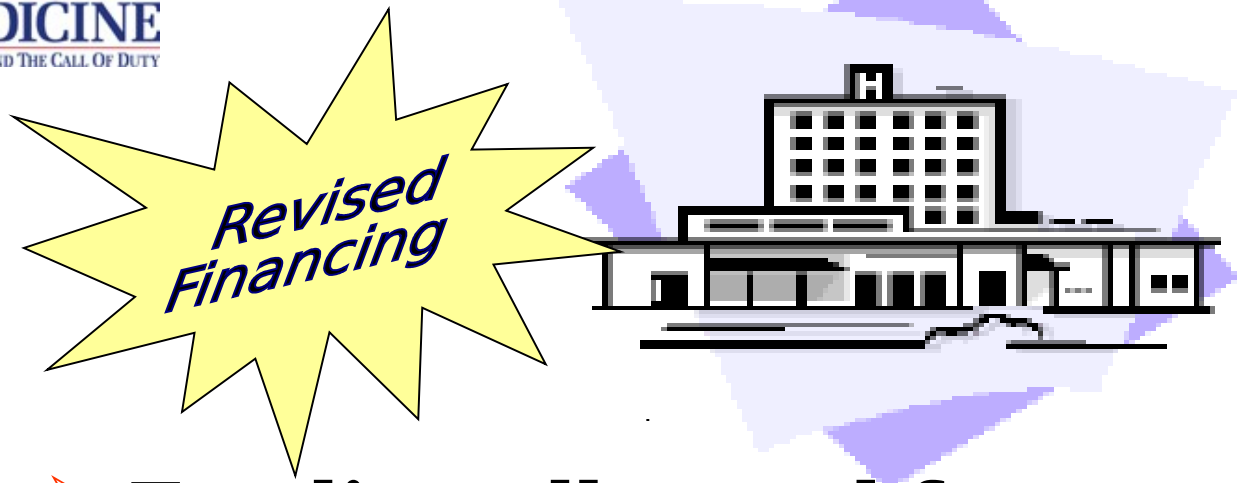
Healthcare Cost Adjustments -- Risk Sharing

- MCSS Health Care Pricing
  - ✓ Carve-outs
  - ✓ Offeror's Initial Bid (OP1)
  - ✓ Target Bid Price for OPs 2-5
  - ✓ Health Care Price Adjustment – Risk Sharing

Assuming $800M Target Cost and $25M Underwriting Fee



Financial Effect on the MTF



- **Funding allocated for purchased care costs**
- **MTFs invoiced by MCSS on a monthly basis**
- **Functions returning to the MTF**

T-Nex

Functions Returning to Army MTFs

- Appointing Services
- Utilization Management
- Resource Sharing
- Health Care Information Line (HCIL)
- Health Evaluation & Assessment Report (HEAR)

($M)	FY 04	FY 05	FY 06	FY 07	FY 08	TOTAL
Appointing	16.7	26.2	27.8	29.4	31.1	131.2
UM	6.5	21.9	23.2	24.5	26.0	102.1
RS	15.8	104.6	113.4	120.1	127.0	480.9
HCIL	2.3	7.3	7.7	8.2	8.7	34.2
HEAR	0.3	1.1	1.1	1.2	1.3	5.0
TOTAL	**41.6**	**161.1**	**173.2**	**183.4**	**194.1**	**753.4**

Linking Business Operations

Business Plans

Template Mgmt

Appointing

TRICARE 1.X

Benefit to MTF from workload recapture was indirect at best

Change in CHAMPUS care marginally impacts MTF funding

Referral Mgmt

MTF Utilization

T-NEX

Management decisions have a direct and immediate effect on the MTF's budget

Appropriate recapture results in retention of private sector care funding

Purchased Care

WHAT CAN I DO NOW?

- Assess current MTF status and enrollment
- Monitor Prime enrollee purchased care costs
- Develop understanding of where you need to be when T-Nex starts in your contract region
- Develop MTF specific plans to get from current status to future state
- Execute the plan

TRANSITION MANAGEMENT

START WITH THE END IN MIND

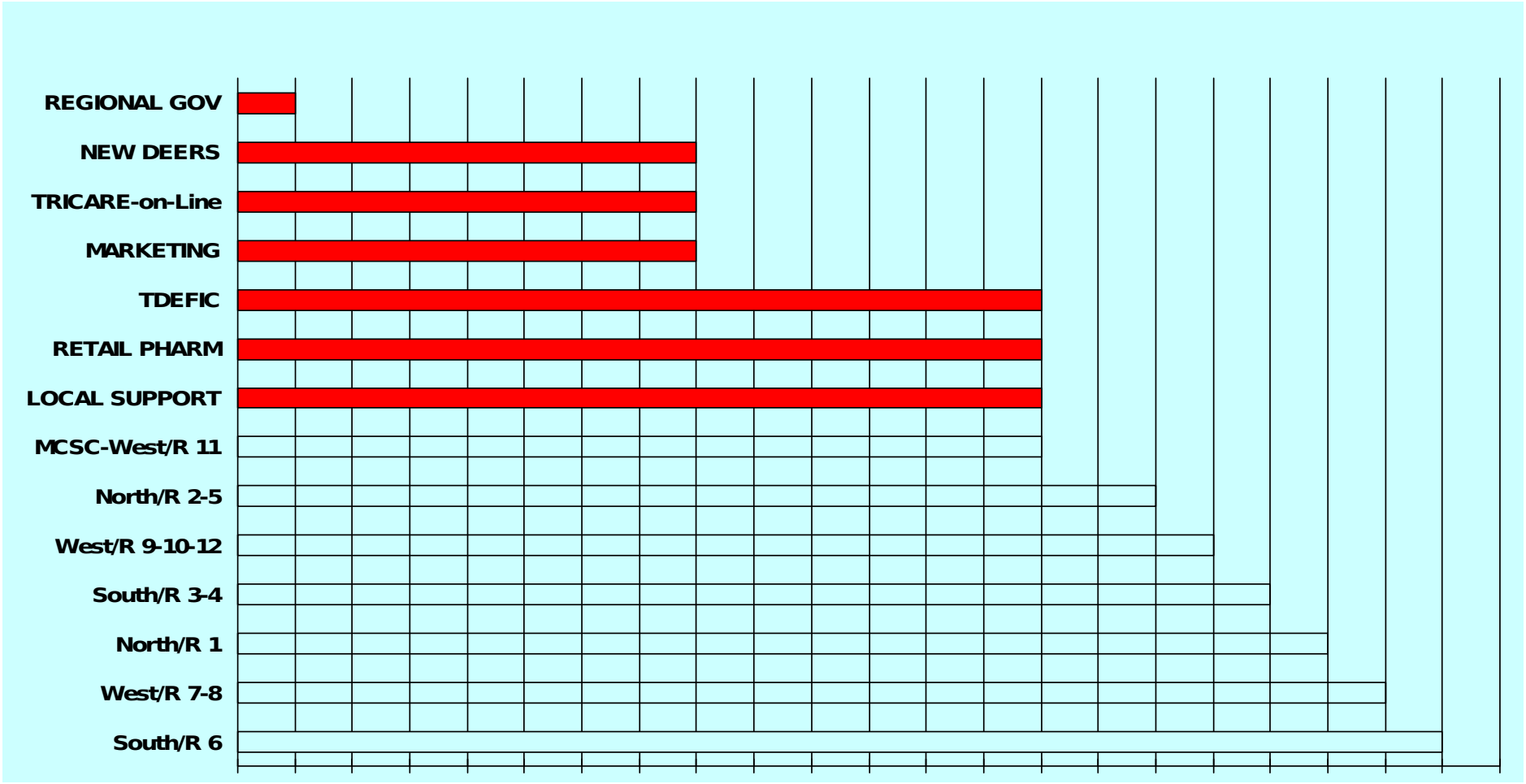
- Rule #1……..

  Enroll the patients you can take care of.

- Rule # 2……..

  Take care of the patients you enroll.

SIMULTANEOUS TRANSITIONS



Green: West Region
Blue: North Region
Gold: South Region

Jan '03 | Jun '03 | Jun '04 | Sept '03 | Dec '03 | Mar '04

TRANSITION MANAGEMENT MHS Level

- TRICARE Transition Executive Management Team
  - COO, TMA; DSGs; TMAs Senior Advisor, Director Regional Ops, OGC, IMT&R, Director DMDC
  - Responsible for overseeing:
    - TRICARE Regional Governance
    - Financial Management and Business Planning
    - Contract Transition
    - Local Contract Support
    - IM/IT Issues
- Transition Leadership Council
  - SMMAC Membership. Meets monthly

Source: ASD/HA Policy Memo, dtd 14 Apr 03

TRANSITION MANAGEMENT
RMC Level

- RMC Transition Management Team
  - ????
  - Responsible for overseeing:

Source: ASD/HA Policy Memo, dtd 14 Apr 03

TRANSITION MANAGEMENT
MTF Level

- *Knowledge is power.* Read the contract Statement of Work, the TNEX manuals, and technical proposals. It can be viewed at: http://www.tricare.osd.mil/contracting/healthcare/solicitations/

- *Initiate positive partnering opportunities.* The contractor will need to *interface* with you and your staff at predictable points (ex., referrals to network, beneficiary briefings, contractor data access, etc.)

- *Understand the new requirements.* There are explicit and implicit new requirements for the MTF under TNEX:

  - Revised financing threats/opportunities
  - Appointing functions
  - Resource Sharing management
  - Utilization Management

TRANSITION MANAGEMENT
MTF Level

- Understand the MTF/Contractor MOU
  - MTF Market/Medical Management Support
  - Enrollment Protocols/Balanced Specialty Workload Specifics
  - Customer Services Activities/Contractor MTF Location
  - Coordination of Health Care Delivery
  - MTF Read Only Access to Claims Data/Unlimited Read Only Electronic Access to all TRICARE Related Data
  - Round Table Discussions/Partnering Activities
  - Contingency Program, including Training Activities, Installation Level Contingency Exercise, Etc.

TRANSITION MANAGEMENT
MTF Level

….where the rubber meets the road:

- *Scan the local environment and perform SWOT analysis*
- *Initiate structured communication plan with all stakeholders*
- *Charter the MTF Transition Team Objectives*
- *Stand-up the MTF Transition Team*
- *Develop transition timeline*
- *Develop the MTF Business and Transition Plan*

ARMY MEDICINE
CARING BEYOND THE CALL OF DUTY

Questions?

Backup/Supporting Slides

T-NEX Contract

Changes/Improvements (1)

- Meet Access Standards (96% Requirement)
- Networks Accredited by Nationally Recognized Accrediting Organization
- Correct Size and Specialties to Meet Access Standards
- Contractor Keeps Updated List of Network Providers (current within 30 days)
- All Network Claims: Electronic Submission (Waivers available)
- Prime Enrolled Retirees to Get Delinquent Pay Reminders
- Marketing/Education Materials Designed

T-NEX Contract

Changes/Improvements (2)

- Ensures Referral Report Meet Time Standards

  -- Specialty Care: 98% within 10 Days
  -- Emergent Care: 98% within 24 Hours
  -- Method of Transmission included in MTF MOU,
  Must be HIPAA Compliant

- Monthly Audits to Verify Compliance/W. Referral
  Standards

- Contractor provides Benefit Coverage Review of Referrals,
  MTF Responsible for Medical Necessity

T-NEX Contract Changes/Improvements (3)

- Briefing Time, 10 Hrs/Wk. at Discretion of CDR
- Commercial Enrollment Fee Payment Options
- Contractor Operated Contemporary Medical Management (Case, Utilization and Disease Management) Program which Achieves Contract Objectives
  - -- High Cost Condition Management
  - -- All Beneficiaries Authorized to Receive

T-NEX Contract Changes/Improvements (4)

- Contractor Assurance of Medical Necessary Care for Non-
  MTF Enrollees

- Contractor Accomplishment of Enrollments, Dis-enrollments,
  Transfers, TRICARE Plus Enrollments
  -- Including PCM by Name Assignments
  -- Including AD Members
  -- Uses MTF Guidelines for PCM Assignments

- Contractor Assures All Electronic Transactions Comply with
  HIPAA Rules

- Contractor provision of Training/On-going

T-NEX Contract Changes/Improvements (5)

- Contractors Provide Unlimited Read Only Access to All
  TRICARE Related Data
  -- Limited to Two Authorizations Per MTF
  -- RMCs and SG Offices to Have Read Access, Also
  -- Contractors Provide Training/Ongoing Support for
  Read Access

- Contractor, Regional Director, MTF CDR Ensure Most
  Efficient Mix of Health Care
  -- For MHS and Contractor System Care
  -- Develop Documented Contingency Plan

T-NEX Contract Changes/Improvements (6)

- Contractor Contingency Activities
  -- Participates in Contingency Excercises Bi-annually
  -- Put Contingency Plan in Place Within 48 Hours of Notification

- Three CONUS Contract Regions Instead of Eleven

- Several Separate Carve-Out Contracts (Pharmacy, Local Support, Marketing and Education, Etc

NETWORKS

- **Current Requirements**
  - **1:1200 all providers to prime enrollees**
  - **1: 2000 PCMs to prime enrollees**
- **New Requirements**
  - **Meet access standards**
  - **Meet 96% referral standard**

BRAC sites

- **Networks in catchment areas & changing MTF**
  - **Meet regulatory access standards**
  - **Size network based on ever capability and capacity**

NETWORKS *(cont.)*

- Network Accredited by a Nationally Recognized Accrediting Organization
- MTFs will Refer to Network Providers
- Sufficient Size and Specialties to Meet Access Standards
- Contractor will Maintain an Up-To-Date List of Network Providers (current w/i 30 days)
- Network Complements MTF Capabilities and Encompasses Full Scope of Benefits
- All Claims Submitted Electronically (waivers can be granted)

UTILIZATION MANAGEMENT / REFERRALS

Current Requirements

- Preauthorize All Prime Specialty Care
- Preauthorize All Inpatient Mental Health Care
- Specify Qualifications of UM Staff
- Specify Review Criteria – InterQual/HMSI
- Preauthorize Gov't Selected Procedures for All Beneficiaries
- Concurrent review at Gov't Defined Intervals

New Requirements

- **No medical necessity reviews**
- **Achieve Best Value IAW law and regulation**
- **Satisfy Beneficiaries**

- **Inpatient mental health requires preauthorization, by law.**

  PFPWD, adjunctive dental require preauthorization by regulation

REFERRALS

- Ensures referral reports meet time standards
  - 98%within 10 days for specialty care
  - 98% within 24 hours for emergent
  - Method of transmission included in MTF MOU – must be HIPAA compliant
- Monthly audit pulls to verify compliance
- Provides benefit coverage review of every MTF referral
- MTF maintains right of first refusal for all prime beneficiaries
- Ensures care is medically necessary for non-Prime beneficiaries

CUSTOMER SERVICE

- **Current Requirements**
  - **Telephone standards**
  - **Walk-in standards**
  - **Correspondence standards**
  - **Briefings**
  - **Paper based enrollment**
  - **Quarterly/annual premium payment**
- **New Requirements**
  - **Satisfy beneficiaries**
  - **Offer multiple contemporary avenues of access for the MHS beneficiary.**
  - **10hrs/wk. Briefing time at Discretion of CDR**
  - **Commercial enrollment fee payment options**

+UNIQUE REQUIREMENTS:

DITSCAP Standards | Enrollment through DOES | Telephone

TRICARE Service Centers | Security Background Checks

MEDICAL MANAGEMENT

- **Current Requirements**
  - **Case manage dx identified by government and those identified through self-referral, physician referral, records review, and statistical sampling**
- **New Requirements**
  - **Operate a contemporary medical management program (case management, utilization management, disease management) that achieves the objectives of the contract.**

MEDICAL MANAGEMENT

- Contractor Provides MM Program for beneficiaries receiving care in civilian sector
  - High cost condition management
  - Includes AD members and all beneficiaries authorized to receive reimbursement for civilian health care
  - Must coordinate care with MTF

ENROLLMENT

- Enrollments, re-enrollments, dis-enrollments, transfers, TRICARE Plus enrollment accomplished by contractor
  - Includes PCM by name assignment
  - Includes AD members
  - Follows MTF guidelines for assigning MTF PCMs
- Ensures MTF capacity reached before enrolling to network
  - MTF commander may make exceptions with notification to Regional Director

CONTINGENCIES

- MTF Commander, Regional Director and Contractor ensure most efficient mix of health care
  - Includes MHS and Contractor system care
  - Develop a documented contingency plan to the MTF level for wartime deployments, GWOT, training, etc.
    - Contractor participates in contingency exercise bi-annually
    - Contingency plan in-place within 48 hours of notification

INFORMATION TECHNOLOGY

- Develop and maintain the DoD information technology security certification and accreditation process (DITSCAP) documentation
- Comply with DoD minimum security requirements, C2 requirements, privacy act program requirements, personnel security program and the MHS AIS security policy manual
- Ensure all electronic transactions comply with HIPAA rules

INFORMATION TECHNOLOGY *(cont.)*

- HBAs and BCACs have *"read only"* access to claims data
  - Contractor provides training and ongoing support for access
- Unlimited *"read only"* access to all TRICARE related data
  - Authorizations limited to 2 per MTF
  - RMCs and SG offices have access as well
  - Contractor provides training and ongoing support for access

T-NEX
TRICARE On-Line **(1)**

- Provides Single, Common, Secure, State of the Art DOD Platform
  to:

  --Increase Access to Care

  --Facilitate Population Health Management and MHS Optimization

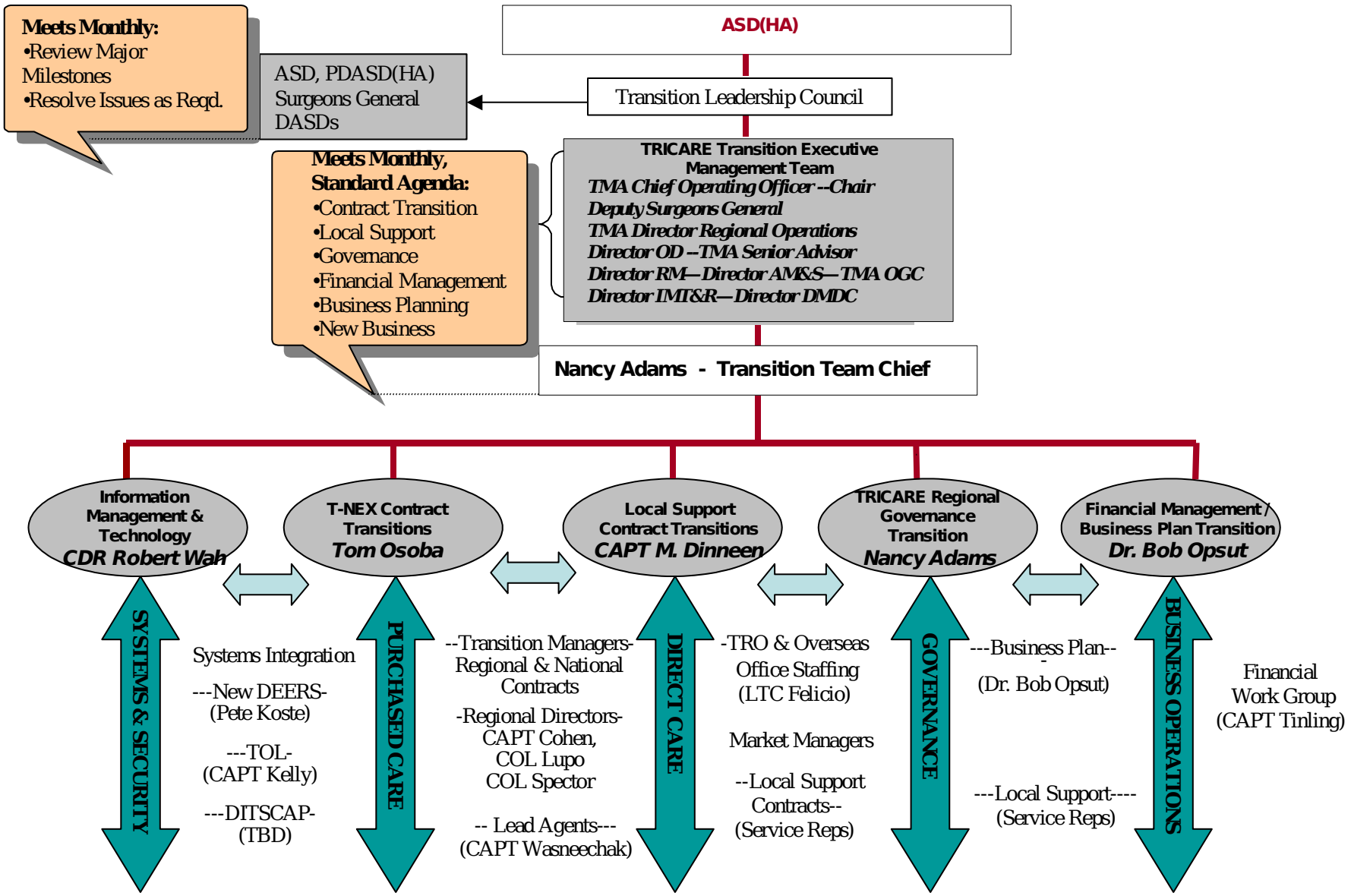
  --Support Patients, Providers and Managers

  --Provide 24/7 Access to Services

TRICARE On Line (2)

- Current Capabilities
  - --Benefits Explanation
  - --Online Primary Care Appointing
  - --Self-Referral Appointing
  - --Online Drug Interaction Checker
  - --Tool to Create Personal Health Journal
- Future Capabilities, 2003-04
  - --Web-Based Pharmacy Refills
  - --Web-Based Enrollment
  - --Web-Based HEAR Survey
  - --Referral and Authorization Integration
  - --Routine Test Requests
  - --Appointment Reminder

T-NEX TRANSITION STRUCTURE CHART



MTF TRANSITION

- *Scan the local environment and perform SWOT analysis:*
  - Assess current MTF status
    - Enrollment - Who are you serving? What are the gender, age categories that shape service requirements?
    - Access – Are the right patient mixes accessing the appropriate levels of care? Do your appointing processes support meeting access standards?
    - Referral management - What are the health care requirements of your enrolled population? Where are those needs being met?
    - Patient satisfaction – Are your processes streamlined to be a “big stick” and a “bigger carrot”?
    - Staff pride – Does the climate yield opportunities for staff to take pride in the work they are providing every day?
  - Assess civilian local area for situations that could impact MTF business
    - Availability of services
    - Economic status of local area
    - Availability of VA facilities
    - Availability of teaching programs at local universities or schools

T-NEX/MTF TRANSITION CONSIDERATIONS

- *Charter the MTF Transition Team Objectives.*

  - Establish action-oriented, problem-solving team responsible for all aspects of transition plan development, implementation and evaluation
  - Develop methods to identify issues or problems, assign responsibility and monitor progress
  - Establish fail-safe methods to maximize subject-matter-expertise to ensure that **all** required elements for future operations are incorporated into plan
  - Establish reporting requirements and frequencies
    - Weekly In-progress reviews (IPR) to executive leadership
    - Guaranteed access to executive to address “hot” issues
    - Comprehensive communication plan to keep all stakeholders apprised

T-NEX/MTF TRANSITION CONSIDERATIONS

- *Stand-up the MTF Transition Team.* Team composition will be unique to address the requirements of each MTF. Sample follows:
  - Team leader: Deputy Chief for Administration
    - Team members:
      - Dedicated administrative assistant (manages meetings and tracking tool)
      - POC for enrollment/empanelment issues (C, MC)
      - POC for IM/IT issues (C, IMD)
      - POC for customer service/marketing (PAO/marketing)
      - POC for health plan development (C, RM/PAE/MC)
      - POC for demand management (C, UM/CM)
      - POC for appointing/referral management (C, CSD)
      - POC primary care resource sharing(PC physician leader)
      - POC specialty care resource sharing (SC physician leader)
      - POC for local contracting (contracting rep)
      - POC QA
- *Develop transition timeline.* Implementation timelines will be Region specific.

T-NEX/MTF TRANSITION CONSIDERATIONS

- *Develop the MTF Business and Transition Plan*
  - ✓ Develop/execute *communication plan*: in-house/beneficiaries –educate, educate, educate
  - ✓ Evaluate the following
    - Enrolled and eligible populations
    - Health care requirements for both populations
    - Location heath care demands were satisfied
  - ✓ Evaluate MTF capacity
  - ✓ Evaluate MTF capability
  - ✓ Do *appointing* equipment/personnel assessment (Ann Bailey, Assoc.)

T-NEX/MTF TRANSITION CONSIDERATIONS

- *Develop the MTF Business and Transition Plan*
  - ✓ Organize/staff ***referral management*** process
  - ✓ Organize/staff efficient/effective in house ***UM/CM*** functions – eliminate non-value added UM procedures
  - ✓ ***Optimize*** support staff/throughput in high demand/high cost specialty care clinics
  - ✓ Develop/draft ***MCSC/MTF MOU*** input

T-NEX/MTF TRANSITION CONSIDERATIONS

- *Develop the MTF Business and Transition Plan*
  - ✓ Re-look *resource sharing*----_is it delivering per plan?
  - ✓ Assign space for *TSC.*
  - ✓ Organize/staff for *data analysis and business plan development and monitoring*
  - ✓ Prepare to implement *IM/IT* initiatives, ex., TRICARE On-Line, access to contractor data, read-only access to TFL claims, TSC IT needs, etc.

MTF TRANSITION

- Communication/education plan for beneficiaries and staff is crucial
  - Develop “speakers bureau” to brief major stakeholders
    - Internal stakeholders = MDs, nurses, administrators, techs, pharmacists, especially admin/clerk staff, etc.
    - External stakeholders = post military unit leadership (officer/enlisted), post commander, spouse groups, local retiree groups, local political entities

ORGANIZING FOR T-NEX MTF TRANSITION

- *Communications content*:
  - What is TNEX?
  - Why change?
  - Whatwill/won't change?
  - Expected improvements under TNEX---emphasis on customer satisfaction and minimizing any disruption in service

- *Communications tactics*:
  - Press releases, brief target audiences, brochures, web page, etc.

- *Start:*
  - No sooner than 6 mo. from start of health care delivery and intensify at 4 mo.